

DEPARTMENT OF STATE REVENUE

Revenue Ruling 98-13 ST

October 7, 1998

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superceded or deleted by publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE

Sale and Rental of Specialty Medical Beds

Authority: IC 6-2.5-5-18; 45 IAC 2.2-5-27; 45 IAC 2.2-5-28

Taxpayer requests the Department to rule on whether the sale and rental of specialty medical beds are exempt from gross retail tax.

STATEMENT OF FACTS

Taxpayer is in the business of selling and leasing specialized medical beds to acute care patients in hospital intensive care units, medical and surgical floors, skilled nursing facilities and the patient's home. These specialized medical beds are prescribed for the treatment of patients suffering from spinal cord injury, severe pulmonary complications, multiple trauma, severe burns, skin grafts and severe pain. The placement of an order for Taxpayer's products is initiated with a written prescription in the form of a doctor's order or certificate of medical necessity issued by the patient's treating physician. Each order is for a specifically named patient as prescribed by a specific treating physician.

DISCUSSION

IC 6-2.5-5-18(a) states that sales of artificial limbs, orthopedic devices, dental prosthetic devices, eyeglasses, contact lenses, and other medical equipment, supplies, and devices are exempt from the state gross retail tax, if the sales are prescribed by a person licensed to issue the prescription.

IC 6-2.5-5-18(b) states that rentals of medical equipment, supplies, and devices are exempt from the state gross retail tax, if the rentals are prescribed by a person licensed to issue the prescription.

Pursuant to 45 IAC 2.2-5-27(a), the term “person licensed to issue a prescription” shall include only those persons licensed or registered to fit and/or dispense such devices. 45 IAC 2.2-5-27(b) states that the term, “prescribed,” shall mean the issuance by a person described in subsection (a) of this section of a certification in writing that the use of the medical equipment supplies and devices is necessary to the purchaser in order to correct or to alleviate a condition brought about by injury to, malfunction of, or removal of a portion of the purchaser’s body.

Pursuant to 45 IAC 2.2-5-28(h), the term “medical equipment, supplies or devices”, as used in this paragraph, are those items, the use of which is directly required to correct or alleviate injury to malfunction of, or removal of a portion of the purchaser’s body.

RULING

The Department rules that Taxpayer’s specialty medical beds are exempt from gross retail tax when they are prescribed by a licensed practitioner and are used to alleviate a condition brought about by injury to, malfunction of, or removal of a portion of the patient’s body.

CAVEAT

This ruling is issued to the taxpayer requesting it on the assumption that the taxpayer’s facts and circumstances, as stated herein, are correct. If the facts and circumstances given are not correct, or if they change, then the taxpayer requesting this ruling may not rely on it. However, other taxpayers with substantially identical factual situations may rely on this ruling for informational purposes in preparing returns and making tax decisions. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material respect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that subsequent to the publication of this ruling, a change in a statute, regulation, or case law could void the ruling. If this occurs, the ruling will not afford the taxpayer any protection.

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